

**CITY OF EAST PROVIDENCE
RHODE ISLAND
DEFICIT ELIMINATION COMMITTEE**

June 27, 2011

6:00 PM

This meeting was called to order at 6:04 p.m.

Present: William J. Conley, Jr., Chairperson

Michael DiGioia, Councilman

Charles Tsonos, School Committee Chairperson

Mary King, School Finance Director

Edward Daft, Acting Superintendent

Upon motion made by School Committee Chairperson, Charles Tsonos and seconded by School Finance Director, Mary King, the minutes were approved for the May 26, 2011 meeting and the June 8, 2011 meeting.

Ellen Eggeman, Finance Director presented a FY 2011 budget projection analysis to the Committee. A copy of the memorandum containing her analysis is attached hereto. The budget projection estimated a \$1.064 balance for the City budget for FY 2011. This balance was predicated upon a better than anticipated tax collection and savings attributed to such matters as completed leases, reduction in utilizing part-time and outside services, delay in purchasing financial software packages as well as increase

contributions from employees toward healthcare and limiting spending for miscellaneous equipment and supplies. Given the time that was required to prepare the budget projection it was requested that the analysis of the City's agreement with United Water and our recommendations for cost savings and revenue enhancements be deferred to the next Deficit Elimination Committee meeting. A review of proposals and discussions of current and projected deficit in the School Administration was deferred to allow the School Administration to revise its projections based upon adjustments that need to be made in the school budget and the passage of the state budget which will determine the more specific amount of funds to be received by the School Department from the State.

The Chairman requested that the Finance Director for the City and the Finance Director for the School Department present a revised five-year financial projection at the next Committee meeting and also be prepared to discuss specific deficit elimination strategies for a proposal to be presented to the City Council.

During the public forum, Joseph Grace addressed the Committee expressing concern about the lack of public participation and the lack of participation of City Department heads. He stated that he had questions that he would defer asking until the additional financial analysis was completed.

He was advised by the Chair that a request had been made to the

City Manager that Department heads be present and would be made again.

A motion was made and seconded to adjourn the meeting at 6:40 p.m.

Finance Office

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East Providence, RI 02914

(401)435-7544 City of East Providence

Memo

To: Mr. Andreoni, City Manager

From: Ellen V. Eggeman, Finance Director

CC: Nicole Santiago

Date: June 23, 2011

Re: FY 2011 Budget Projection

After a detailed analysis of revenues and expenditures, I am projecting an estimated surplus of \$1,064,650 for FY2011. This is based on actual revenues and expenditures through May 31, 2011 and projected revenues and expenditures from June 1 through October 31, 2011, as outlined below:

FY 2011

Budget FY 2011

Actual

(as of 5-31-11) FY 2011

Projected

(thru 10-31-11) Balance

Revenues \$95,272,410 24,336,593 72,266,710 \$1,330,913

less City Expenditures 50,747,290 28,497,823 22,515,730 (266,263)

less School Expenditures 44,525,100 0 44,525,100 0

Balance \$0 (\$4,161,230) \$5,225,880 \$1,064,650

The additional revenues are attributable to a better than anticipated tax collections in the current fiscal year. Projected expenditures assume spending consistent with current contracts and spending patterns, including current vacancies remaining vacant for the balance of the fiscal year.

In order to plan for FY 2012 and future fiscal years, I expect to complete a five-year projection by mid-July. These projections will be based on current contracts as well as historical revenue and expenditure trends.

Please let me know if you need any additional information. Thank you.

Based on a more detailed analysis of revenues and expenditures by line item, I am currently projecting an estimated \$1.0 M surplus for

FY2011.

Assumptions:

Revenues:

Additional revenues of \$1.3M are anticipated for FY2011 based on projected collections for current and prior year tax payments, interest earned on those collections in addition to increased revenues for building permits.

Expenditures:

A projected deficit for expenses includes:

- savings projected at \$887,000 attributable to - computer and copier leases completed (\$412,000); a reduction in utilizing part-time and outside services (\$121,000); the delay in purchasing a financial software package (\$230,000); and, increased contributions towards healthcare (\$100,000); and limiting spending for miscellaneous equipment and supplies (\$24,000).**
- These savings are offset by an estimated deficit totaling \$1,154,000 attributable to - personnel costs due to the resolution of outstanding personnel matters (\$511,000); utility costs (\$193,000); principal and interest of bonds issued during FY2010 (\$315,000); and, an increase to the health insurance premium (\$135,000).**